

Senate Bill No. 596

CHAPTER 240

An act to amend Sections 790.034 and 10089.2 of the Insurance Code, relating to insurance.

[Approved by Governor September 6, 2011. Filed with
Secretary of State September 6, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

SB 596, Price. Insurance: disclosures.

(1) Existing law requires an insurer, upon receiving notice of a claim, to immediately, but not more than 15 calendar days after receipt, provide the insured with a legible reproduction of the specified Insurance Code section, in at least 12-point type, detailing acts prohibited as unfair trade practices, and a written notice, as specified.

This bill would revise the written notice and require that it be provided to the insured with a legible reproduction of only specified portions of the Insurance Code in at least 10-point type.

(2) Existing law requires an insurer, whether requested orally or in writing by an insured, to provide the insured with a copy of the Fair Claims Settlement Practices Regulations, as specified, within 15 calendar days of the request.

This bill would additionally require the insurer to provide a legible reproduction of specified provisions of the Insurance Code when requested by the insured, as specified.

The people of the State of California do enact as follows:

SECTION 1. Section 790.034 of the Insurance Code is amended to read:

790.034. (a) Regulations adopted by the commissioner pursuant to this article that relate to the settlement of claims shall take into consideration settlement practices by classes of insurers.

(b) (1) Upon receiving notice of a claim, every insurer shall immediately, but no more than 15 calendar days after receipt of the claim, provide the insured with a legible reproduction of subdivisions (h) and (i) of Section 790.03 along with a written notice containing the following language in at least 10-point type:

“In addition to Section 790.03 of the Insurance Code, Fair Claims Settlement Practices Regulations govern how insurance claims must be processed in this state. These regulations are available at the Department

of Insurance Internet Web site, www.insurance.ca.gov. You may also obtain a copy of this law and these regulations free of charge from this insurer.”

(2) Every insurer shall provide, when requested orally or in writing by an insured, a legible reproduction of Section 790.03 of the Insurance Code and copies of Sections 2695.5, 2695.7, 2695.8, and 2695.9 of Subchapter 7.5 of Chapter 5 of Title 10 of the California Code of Regulations, unless the regulations are inapplicable to that class of insurer. This law and these regulations shall be provided to the insured within 15 calendar days of request.

(3) The provisions of this subdivision shall apply to all insurers except for those that are licensed pursuant to Chapter 1 (commencing with Section 12340) of Part 6 of Division 2, with respect to policies and endorsements described in Section 790.031.

SEC. 2. Section 10089.2 of the Insurance Code is amended to read:

10089.2. (a) (1) Subject to the approval of the commissioner, every insurer subject to this chapter shall, at the time of offering to issue or offer to renew coverage as part of the offer of coverage required by Section 10081, disclose to the applicant, in writing as a freestanding document or in the same document containing the offer of coverage required by Section 10081, which brings attention to the applicant, all discounts or surcharges, if any that are available from the insurer for that insurance and for any related insurance provided under that coverage as part of the offer of coverage required by Section 10081.

(2) The insurer shall provide and disclose in writing any discounts or surcharges, if any, for earthquake hazard reductions, which shall include, but not be limited to, retrofitting of the residential dwelling by tying the structure to the foundation or bracing the structure to the foundation, reinforcement of the fireplace chimney, or securing of the hot water heater, and any other discounts that are available from the insurer.

(b) Each insurer that offers earthquake insurance through licensed agents or brokers shall provide in writing the document required in subdivision (a) and any documents required by subdivision (a) of Section 10083 to the agents and brokers listing all of the discounts or surcharges, if any, that are required to be disclosed to the applicant under this section, and shall require its agents and brokers to make the disclosures required by this section.

(c) An insurer is not subject to this section where an insured has completed earthquake hazard reductions and the insurer has provided discounts or surcharges for the specific policy in the form of premium rate changes.